GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:5026
ANSWERED ON:25.04.2003
SUBSIDY ON FOOD
GANGASANDRA SIDDAPPA BASAVARAJ

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the subsidy on food has balloned during the last three years mainly due to higher administrative and operating cost of Food Corporation of India;

(b) if so, the details thereof; and

(c) the steps taken/proposed to be taken to reduce food subsidy-operating administrative cost of FCI?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI SU MAHARIA)

(a)&(b): The operating cost (distribution cost) of the FCI inclusive of administrativecost has declined during the last three years as indicated below:-

(Rate Rs./qtl.)

Year	Admn. cost	Distribution cost inclusive of admn. cost
2000-01	16.65	180.15
2001-02	14.32	142.32
2002-03	13.80	139.10

However, there has been an increase in the food subsidy bill on account of various policy induced factors, such as increase in the Minimum Support Prices and expansion of welfare schemes.

(c): The steps taken/proposed to be taken to reduce the operating administrative cost by the FCI are as under:-

i) Achieving average capacity utilization of 75% to reduce storage cost.
ii) Efforts to reduce losses in the shortages in handling, storage and movement of foodgrains.
iii) Making efforts to reduce the incurrence of Railway demurrage charges.
iv) Controlling the administrative cost by minimum recruitment of resultant entry level posts.
v) Issue of old and disposal of C&D category stocks.
vi) Machine stitching of gunnies and handling of foodgrains in 50 kg. bags to reduce storage and transit loss.
vii) Ensuring strict quality control measures.
viii) Efforts to reduce damage to foodgrains.